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Congressional Testimony

Reforming Food Stamps To Promote Work And Reduce Poverty and Dependence

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Testimony before
The Subcommittee on Department Operations,
Oversight, Nutrition, and Forestry
Committee on Agriculture
U.S. House of Representatives
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Summary

The Food Stamp program is one of the largest means-tested welfare programs in the nation. Although Food Stamps are given to a wide variety of individuals, 80 percent of Food Stamp aid goes to families with children. Of the aid going to families with children, some 85 percent goes to children in single parent or no parent families. Only 15 percent goes to married couples with children.

Although nearly all Food Stamp households contain working-age adults, few of these individuals are employed. Food Stamps foster patterns of long term dependence. Half of Food Stamp aid goes to individuals who have received aid 8.5 years or more.

The current Food Stamp program closely resembles the failed Aid to Families with Dependent Children program (AFDC) which was replaced by Congress in 1996. In fact, Food Stamps and AFDC could be termed twin entitlements. Like AFDC, the Food Stamp program predominantly assists single parent families who are dependent on welfare for long periods.

The welfare reform law of 1996 replaced AFDC with a new program: Temporary Assistance to Needy Families (TANF). This reform has been widely acknowledged as a tremendous success leading to dramatic drops in dependence and child poverty, increases in employment, and a slow down in the growth of out-of-wedlock child bearing.

While critics of welfare reform said that it would throw millions of children into poverty, in fact, the opposite has occurred. The poverty rates of black children and children in single mother families are now at the lowest points in our nation's history.

Despite the close resemblance between Food Stamps and the old AFDC program, and despite the success of replacing AFDC with TANF, the Food Stamp program continues to operate in direct contradiction to the reform principles embodied in TANF. While the TANF program seeks to reduce caseloads, to minimize dependence, and to increase employment, the Food Stamp program seeks to maximize caseload and dependence. While TANF requires recipients to work as a condition of receiving aid, Food Stamps continue to provide long-term one-way handouts; work requirements are virtually non-existent.

The current Food Stamp program is a fossil embodying all the errors of the old War on Poverty. It provides one way handouts, rewards non-work and idleness, fosters long-term dependence, rewards and promotes out of wedlock childbearing. As such, the Food Stamp program actively harms children and increases poverty in the nation.

The Food Stamp program should be reformed in the same manner as the Aid to Families with Dependent Children program. Specifically, all able-bodied, non-elderly adults should be required to work as a condition of receiving aid. If a recipient cannot find a private sector job, he or she should perform community service work (workfare) or other

activities directed at self-sufficiency. Individuals who refuse to engage in required activities should not receive aid.

If the Food Stamp program were reformed according to the principle set forth above, four outcomes would follow. The reform would produce:

- 1. a substantial reduction in dependence;
- 2. a substantial reduction in child poverty;
- 3. an increase in employment; and,
- 4. a reduction in out-of-wedlock child bearing.

Data on Food Stamps

Some 80 percent of Food Stamp benefits go to families with children. As Chart 1 shows, of the benefits going to families with children, some 85 percent go to single parent homes or homes with no parents; only 15 percent go to children in married couple homes.

Current employment in Food Stamp households is rare even in homes with able-bodied working age adults. As Chart 2 shows, among Food Stamp households in 1999:

- 63 percent of married couples with children had earned income;
- 38 percent of single parents with children had earned income; and
- only 19 percent of able-bodied non-elderly adults without children had earned income.

Long Term Dependence and Food Stamps

There is a common misperception that the Food Stamp program provides mainly temporary, short term assistance. This is untrue. The majority of Food Stamp recipients at any given point in time are or will be long term dependents. The overwhelming majority of Food Stamp spending is received by individuals who have been or will be participants in the program for multiple years or even decades.

In order to examine long term dependence on Food Stamps, my colleagues and I have analyzed data from the National Longitudinal Survey of Youth (NLSY) conducted by the U.S. Labor Department. The NLSY is a nationally representative sample of individuals born between 1957 and 1965. These individuals were teenagers or young adults in the late 1970's. The NLSY has tracked employment and welfare receipt among these individuals from 1979 to the present; the survey also collects data on all children born to these individuals. The NLSY thus provides a reliable picture of the duration of Food Stamp receipt and the allocation of Food Stamp expenditures among non-elderly adults and children over the last two decades.

The NLSY data show that in the two decades between 1979 and 1998, 27 percent of all households received Food Stamp aid at least once. However, the bulk of Food Stamp expenditure was concentrated on a relatively small group of individuals who received aid

for very extended periods. As Chart 3 shows, only 1.4 percent of Food Stamp spending went to households which received aid for 6 months or less. Less than 10 percent of Food Stamp expenditures went to individuals who received aid for two years or less. Over 90 percent of Food Stamp aid went to households which received aid for more than two years.

Nearly 70 percent of all Food Stamp spending went to households which received Food Stamps for five years or more. And half of all Food Stamp spending went to individuals who received aid for 8.5 or more years.

Very long term dependents, who received aid for 10 years or more, comprised only 2.5 percent of the whole NLSY sample but they received over 40 percent of all Food Stamp benefits. The average total value of Food Stamp aid received by these individuals and their families during the decades between 1979 and 1998 was \$40,576. \(^1\)

How Welfare Dependence Harms Children

The traditional welfare system comprised of programs such as AFDC, Food Stamps and public housing dramatically undermined work ethic, reduced employment, and generated long-term dependence. For example, the Seattle-Denver Income Maintenance Experiment (SIME-DIME), a massive controlled experiment on effects of welfare conducted in the early 1980's, showed that each additional dollar of welfare aid led, on average to a reduction of employment and earnings of 80 cents. These anti-employment effects should apply to cash as well as non-cash aid.

The erosion of work ethic and the growth of dependence, in turn, has profound negative effects on the well being of children. Former CBO Director Dr. June O'Neill, comparing children who were identical in social and economic factors such as race, family structure, mothers' IQ and education, family income, and neighborhood, found that the more years a child spent on welfare, the lower the child's IQ. O'Neill made it clear that it is not poverty but welfare itself which has a damaging effect on the child. Examining the young children (with an average age of five-and-a-half), the author found that those who had spent at least two months of each year since birth on AFDC had cognitive abilities 20 percent below those who had received no welfare, even after holding family income, race, parental IQ, and other variables constant.²

A similar study by Mary Corcoran and Roger Gordon of the University of Michigan shows that receipt of welfare income has negative effects on the long-term employment and earnings capacity of young boys. The study shows that, holding constant race, parental education, family structure, and a range of other social variables, higher non-welfare income obtained by the family during a boy's childhood was associated with

¹ Adjusted for inflation into constant 1998 dollars.

M. Anne Hill and June O'Neill, "Family Endowments and the Achievement of Young Children With Special Reference to the Underclass," *Journal of Human Resources, Fall 1994, pp. 1090-1091* Mary Corcoran, Roger Gordon, Deborah Loren and Gary Solon, "The Association Between Men's

³ Mary Corcoran, Roger Gordon, Deborah Loren and Gary Solon, "The Association Between Men's Economic Status and Their Family and Community Origins," *Journal of Human Resources*, Fall, 1992, pp. 575-601.

higher earnings when the boy became an adult (over age 25). However, welfare income had the opposite effect: The more welfare income received by a family while a boy was growing up, the lower the boy's earnings as an adult.

Typically, liberals would dismiss this finding, arguing that families which receive a lot of welfare payments have lower total incomes than other families in society, and that it is the low overall family income, not welfare, which had a negative effect on the young boys. But the Corcoran and Gordon study compares families whose average non-welfare incomes were identical. In such cases, each extra dollar in welfare represents a net increase in overall financial resources available to the family. This extra income, according to conventional liberal welfare theory, should have positive effects on the well being of the children. But the study shows that the extra welfare income, even though it produced a net increase in resources available to the family, had a negative impact on the development of young boys within the family. The higher the welfare income received by the family, the lower the earnings obtained by the boys upon reaching adulthood. The study suggests that an increase of \$1,000 per year in welfare received by a family decreased a boy's future earnings by as much as 10 percent.⁴

Other studies have confirmed the negative effects of welfare dependence on the development of children. For example, young women raised in families dependent on welfare are two to three times more likely to drop out and fail to graduate from high school than are young women of similar race and socioeconomic background not raised on welfare. Similarly, single mothers raised as children in families receiving welfare remain on AFDC longer as adult parents than do single mothers not raised in welfare families, even when all other social and economic variables are held constant.

How Food Stamps and Other Means-tested Aid Programs Penalize Marriage

The U.S. welfare system is currently comprised of over 70 means-tested aid programs providing cash, food, housing, medical care, and social services to low-income persons. While it is widely accepted that welfare is biased against marriage, relatively few understand how this bias operates. Many erroneously believe that welfare programs have eligibility criteria that directly exclude married couples. This is not true.

Nevertheless, welfare programs do penalize marriage and reward single parenthood because of the inherent design of all means-tested programs. In a means-tested program such as Food Stamps, the benefits are reduced as non-welfare income rises. Thus, under any means-tested system, a mother will receive greater benefits if she remains single than if she is married to a working husband. Welfare not only serves as a substitute for a

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⁴ Corcoron et al

⁵ R. Forste and M. Tienda, "Race and Ethnic Variation in the Schooling Consequences of Female Adolescent Sexual Activity, *Social Science Quarterly*, March 1992.

⁶ Mwangi S. Kimeny, "Rational Choice, Culture of Poverty, and the Intergenerational Transmission of Welfare Dependency," *Southern Economic Journal*, April 1991.

husband, it actually penalizes marriage because a low-income couple will experience a significant drop in combined income if they marry.

For example: the typical single mother on Temporary Assistance to Needy Families receives a combined welfare package of various means-tested aid benefits worth about \$14,000 per year. Suppose this typical single mother receives welfare benefits worth \$14,000 per year while the father of her children has a low-wage job paying \$15,000 per year. If the mother and father remain unmarried, they will have a combined income of \$29,000 (\$14,000 from welfare and \$15,000 from earnings). However, if the couple marry, the father's earnings will be counted against the mother's welfare eligibility. Welfare benefits will be eliminated or cut dramatically and the couple's combined income will fall substantially. Thus means-tested welfare programs do not penalize marriage per se, but instead implicitly penalize marriage to an employed man with earnings. Nonetheless, the practical effect is to significantly discourage marriage among low income couples.

This anti-marriage discrimination is inherent in all means-tested aid programs including: TANF, Food Stamps, Public Housing, Medicaid, and the Women Infants and Children (WIC) food program. However, placing work requirements on these programs can mitigate the anti-marriage effects.

How Illegitimacy and Single Parenthood Harm Children

As noted, the current Food Stamp program discourages marriage and rewards single parenthood. Some 85 percent of Food Stamp aid to children goes to single parent or noparent families. But the absence of fathers harms children.

Children born out-of-wedlock to never married women are poor fifty percent of the time. By contrast, children born within a marriage which remains intact are poor 7 percent of the time. Thus the absence of marriage increases the frequency of child poverty 700 percent

Children raised by never-married mothers have significantly more behavior problems when compared to children raised by both biological parents. When comparisons are made between families that are identical in race, income, number of children, and mother's education, the behavioral differences between illegitimate and legitimate children actually widen. Compared to children living with both biological parents in similar socioeconomic circumstances, children of never-married mothers have three times more behavioral problems than children raised in comparable intact families.⁷

Children born out of wedlock have less ability to delay gratification and poorer impulse control (control over anger and sexual gratification). They have a weaker sense of

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⁷ Deborah A. Dawson, "Family Structure and Children's Health and Well-Being: Data from the 1988 National Health Interview Survey on Child Health," paper presented at the annual meeting of the Population Association of America, Toronto, May 1990.

conscience or sense of right and wrong. 8 Adding to all this is the sad fact that the incidence of child abuse and neglect is higher among single-parent families.⁹ Being born out of wedlock increases the probability of teen sexual activity. Boys and girls born out of wedlock and raised by never-married mothers are two-and-ahalf times more likely to be sexually active as teenagers when compared to legitimate children raised in intact married-couple families. ¹⁰

The absence of married parents is related to poor academic performance during school years. The longer the time spent in a single-parent family, the lower the education attained by a child. In general, a boy's educational attainment was cut by one-tenth of a year for each year spent as a child in a single-parent home. Controlling for family income does not reduce the magnitude of the effect noticeably.¹¹

Perhaps the worse feature of illegitimacy is that it is passed between generations. Being born outside of marriage significantly reduces the chances the child will grow up to have an intact marriage. ¹² Daughters of single mothers are twice as likely to be single mothers themselves if they are black, and only slightly less so if they are white. 13 Boys living in a single-parent family are twice as likely to father a child out of wedlock as are boys from a two-parent home. 14 Children born outside of marriage themselves are three times more likely to be on welfare when they grow up. 15

Illegitimacy is a major factor in America's crime problem. Lack of married parents, rather than race or poverty, is the principal factor in the crime rate. It has been known for some time that high rates of welfare dependency correlate with high crime rates among young men in a neighborhood. 16 But more important, a major 1988 study of 11,000 individuals found that "the percentage of single-parent households with children between the ages of 12 and 20 is significantly associated with rates of violent crime and burglary." The same study makes clear that the widespread popular assumption that there is an association between race and crime is false. Illegitimacy is the key factor. The absence of marriage, and the failure to form and maintain intact families, explains the incidence of high crime

⁸ E.M. Hetherington and B. Martin, "Family Interaction," H.C. Quay and J.S. Werry (eds.), Psychopathological Disorders of Childhood (New York: John Wiley & Sons, 1979), pp. 247-302.

⁹ A. Walsh, "Illegitimacy, Child Abuse and Neglect, and Cognitive Development," *Journal of Genetic Psychology*, Vol. 15 (1990), pp. 279-285.

10 Research by the Heritage Foundation based on the National Longitudinal Survey of Youth.

¹¹ Sheila F. Krein and Andrea H. Beller, "Educational Attainment of Children From Single-Parent Families: Differences by Exposure, Gender and Race," Demography, Vol. 25 (May 1988), p.228.

¹² Neil Bennet and David Bloom, "The Influence of Non-marital Childbearing on the Formation of Marital Unions." Paper given at the NICHD conference on "Outcomes of Early Childbearing," May 1992.

¹³ Sarah S. McLanahan, "Family Structure and Dependency: Early Transitions to Female Household Headship," *Demography*, Vol. 5, No. 1 (1988), pp. 1-16.

¹⁴ William Marsiglio, "Adolescent Fathers in the United States: Their Initial Living Arrangements, Marital Experience and Educational Outcomes," Family Planning Perspectives, Vol.19 (1987), pp. 240-251, reporting a study of 5,500 young men.

¹⁵ Kristin Moore, "Attainment among Youth from Families that Received Welfare." Paper for DHHS/ASPE

and NICHD, Grant #HD21537-03.

16 Arthur B. Elsters *et al.*, "Judicial Involvement and Conduct Problems of Fathers and Infants Born to Adolescent Mothers," Pediatrics, Vol. 79, No. 2 (1987), pp. 230-234.

in a neighborhood among whites as well as blacks. This study also concluded that poverty does not explain the incidence of crime. ¹⁷

Research on underclass behavior by Dr. June O'Neill confirms the linkage between crime and single-parent families. Using data from the National Longitudinal Survey of Youth, O'Neill found that young black men raised in single-parent families were twice as likely to engage in criminal activities when compared to black men raised in two-parent families, even after holding constant a wide range of variables such as family income, urban residence, neighborhood environment, and parents' education. Growing up in a single-parent family in a neighborhood with many other single-parent families on welfare triples the probability that a young black man will engage in criminal activity. ¹⁸

Lessons from AFDC Reform

The War on Poverty created an extensive means-tested welfare system comprised of programs such as AFDC, Food Stamps, and public housing. This system encouraged dependence and penalized work and marriage. However, in the mid- 1990's Congress reformed one of these programs: AFDC. Since that time the AFDC/TANF caseload has been cut in half.

Some claim that this dramatic reduction in welfare dependence was the result of economic conditions rather than welfare reform. However, there are definite problems with a primarily economic explanation of caseload changes. Historically, as Chart 4 shows, the link between periods of economic growth and recession and changes in AFDC/TANF caseloads is tenuous at best. Modest increases in AFDC caseloads occurred during some, but not all, recessionary periods. In contrast, although the chart shows eight previous periods of economic expansion prior to the 1990's, not one of these growth periods resulted in a substantial decrease in AFDC caseloads. In fact, previous economic booms coincided either with relatively flat caseloads or with substantial caseload growth (during the late 1960s and early 1970s).

In reality, as the chart makes clear, no sustained and significant declines in AFDC caseload occurred at any point before the mid-1990's. Thus, claims that the recent unprecedented drop in dependence has been caused largely by the current economic expansion are clearly refuted by the historical record.

Another way to disentangle the effects of welfare policies and economic factors on declining caseloads is to examine the differences in state performance. The rate of caseload decline varies enormously among the fifty states. If economic conditions are the main factor driving caseloads down, then the variation in state reduction rates should be linked to variation in state economic conditions. On the other hand, if welfare polices

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¹⁷ Douglas Smith and G. Roger Jajoura, "Social Structure and Criminal Victimization," *Journal of Research in Crime and Delinquency*, February 1988, pp.27-52.

¹⁸ M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants*, New York City, City University of New York, Baruch College, March 1990.

are the key factors behind falling dependence, then the differences in reduction rates should be linked to specific state welfare policies.

In a 1999 paper, "The Determinants of Welfare Caseload Decline," the author examined the impact of economic factors and welfare policies on falling caseloads between January 1997 and June 1998. ¹⁹ This analysis showed that differences in state welfare policies, specifically toughness of workfare policies, were highly successful in explaining rapid rates of caseload decline. States with strong work requirements had an average caseload reduction of 50 percent, while states with lenient work standards had average caseload reductions of only 14.2 percent.

Workfare had strong impact on dependence. By contrast, the relative vigor of state economies, as measured by unemployment rates, changes in unemployment, or state job growth had no statistically significant effect on caseload decline. Policy reform, not economics, has been the principal engine driving the decline in dependence.

Effects of AFDC Reform on Poverty

During the debate over welfare reform in 1995 and 1996, reform opponents shrilly predicted that the reform would produce large increases in child poverty. However, the fall in the national AFDC/TANF caseload has resulted in a significant decrease in child poverty, not an increase. The black child poverty rate and the poverty rate for children in single mother families are both at the lowest points in the nation's history.

This positive picture is confirmed at the individual state level. Wisconsin, for example, which has led the nation in reducing dependence, is also among the leading states in reducing child poverty. Wisconsin has cut its child poverty rate almost in half and now has one of the lowest rates of child poverty in the nation.

In general, two clear lessons can be drawn from the reform of AFDC.

Lesson #1 Those states with the most rigorous work requirements have seen, by far, the greatest reductions in welfare dependence.

Lesson #2 Those states with the most rigorous work requirements have also seen the greatest drops in child poverty.

Overall, we have learned in the last decade that welfare dependence is harmful to children and that applying work requirements to welfare programs will reduce not only dependence but child poverty as well. Now, it is critical to apply the lessons learned from the reform of AFDC to the Food Stamp program.

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¹⁹Robert E. Rector and Sarah E. Youssef, "The Determinants of Welfare Caseload Decline" *Report of the Center for Data Analysis, The Heritage Foundation, May 11, 1999.*

Specific Policy Recommendations

All able-bodied, non-elderly adults should be required to work as a condition of receiving Food Stamp aid. If the individual is unable to locate private sector employment, he or she should perform community service work in exchange for aid. Moving from the current system which rewards idleness to a new work-based system would require the following changes.

Able-bodied Adults without Dependents (ABAWDS) All able-bodied, non-elderly adults without children, who receive Food Stamps, should be required to work. The current ABAWD work requirements, which cover individuals aged 18 to 50, should be expanded to cover ages 18 to 60. Most of the provisions of current law which exempt ABAWDS from work need to be eliminated. These include:

- the work exemption for the first three months on the rolls;
- the state option to exempt 15 of the ABAWD group from work; and,
- the state option to eliminate the work requirement in areas of high unemployment.

Welfare must be based on reciprocal obligation; society gives assistance but the recipient makes a contribution back to society in exchange for that aid. Recipients should never be exempted from this reciprocal obligation because they cannot immediately obtain a private sector job. Workfare or community service programs exist precisely to engage those beneficiaries who cannot currently locate private employment. The experience with TANF shows that there are actually far more employment opportunities in depressed economic areas than the "experts" had believed. The notion of exempting those who allegedly cannot find jobs from the obligation to work eviscerates the core of welfare reform. Such an exemption promotes idleness and dependence; it undermines the work ethic of recipients and makes it less likely they will obtain employment in the future.

Parents on Food Stamps. All parents of children over age three on Food Stamps should be required to engage in workfare (community service work). If there are two parents in the family, only one should be required to work for the family's benefits. If the parent or parents together in the household are employed for more than 30 hours per week, the household should be exempt from the work requirement. States should be given the option to require work from parents with children under age three.

Hours of Required Participation. Eligible individuals should be required to engage in workfare continuously from the point of first enrollment. The number of hours an individual should be required to engage in workfare should equal the value of the Food Stamps the household receives divided by the minimum wage. Closely supervised team job search or on-the-job training could be used in addition, or as an alternative, to community service work. If an individual fails to perform required activities without valid excuse, the Food Stamp grant to the household should be terminated. Individuals should not be terminated from the rolls unless they have been given the opportunity to

engage in required activities and have failed to participate. The Food Stamp grant should be recommenced as soon as the individual faithfully completes the required activities.

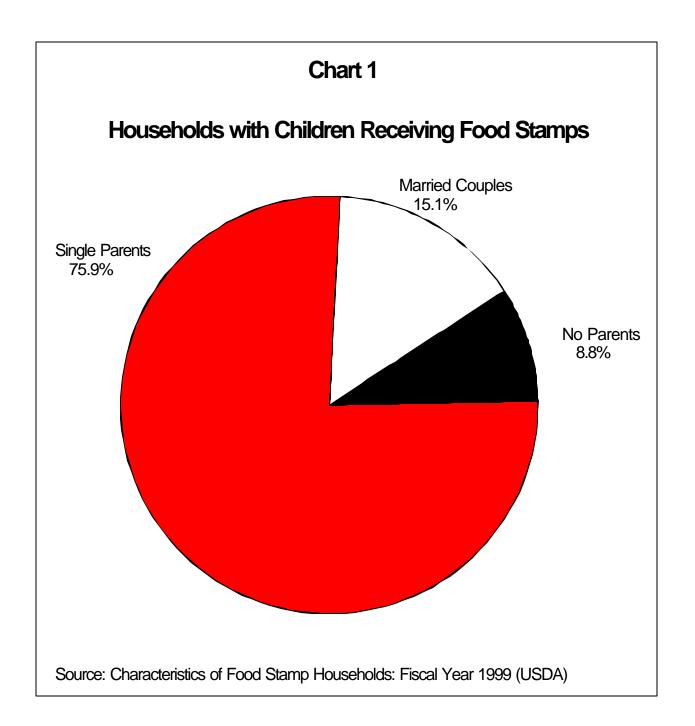
State Incentives. States should be permitted to retain one third of the savings which result from the implementation of the above work requirements. States would be permitted to use these retained savings to operate workfare programs or for other anti-poverty efforts of designed by the state.

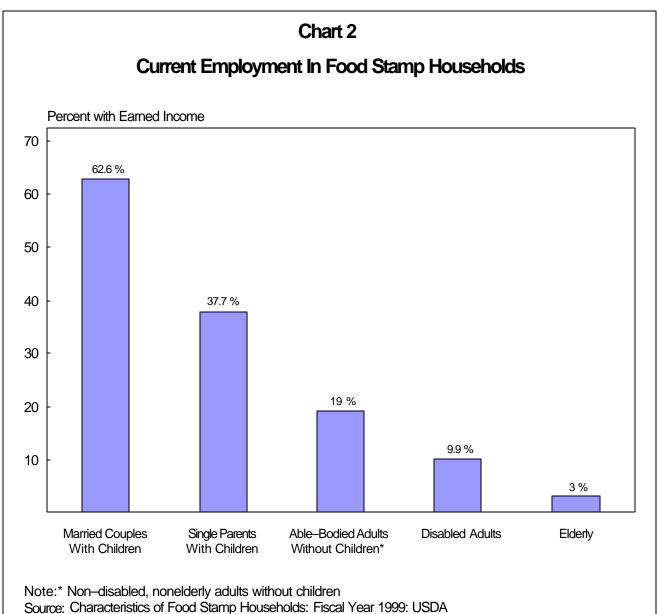
Conclusion

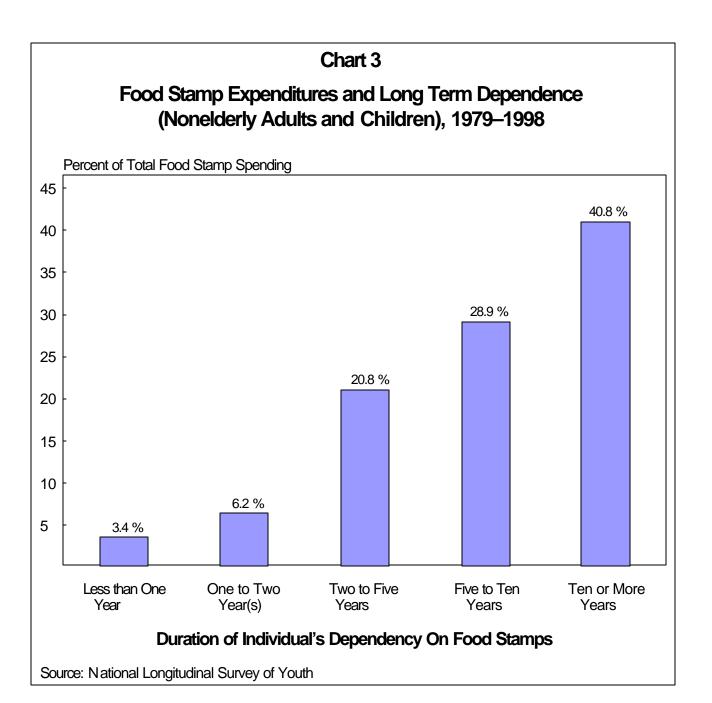
The current Food Stamp program is a virtual twin of the failed Aid to Families with Dependent Children (AFDC) program. Like AFDC, Food Stamps are anti-work, anti-marriage, and anti-child.

The replacement of AFDC with the Temporary Assistance to Needy Families program (TANF) has led to record declines in dependence and poverty. Since the creation of TANF, we have learned that welfare programs with work requirements will reduce poverty more effectively than similar programs without work requirements. It is time to apply the lessons from AFDC reform to Food Stamps.

The Apostle Paul, in setting out the rules for charity in the early Christian church, wrote: "He who shall not work, shall not eat." No charity should be given to those who did not work to support themselves. Paul realized unconditional aid needlessly drained the economic resources of the giving community. More importantly, he knew that such permissive and unconditional aid undermined individuals' work ethic and generated a harmful, dispiriting dependence among those who received it. By contrast, charity that requires work as the basis of receiving aid uplifts and strengthens those who receive it. It is critical to embody this timeless wisdom into the future design of the Food Stamp program.

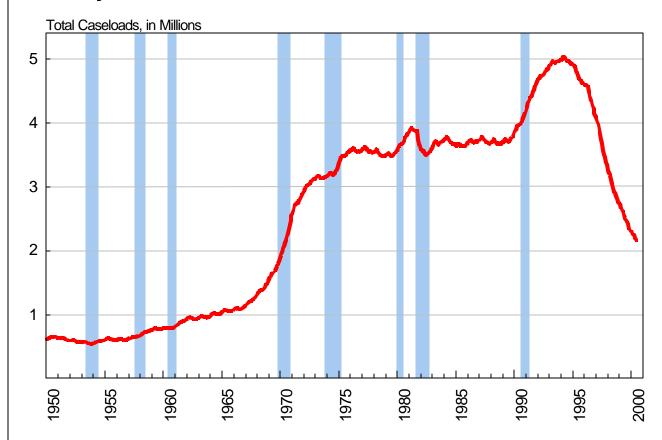








U.S. Families on AFDC/ TANF and Economic Conditions, January 1950 to June 2000



Note: Shaded areas indicate economic recessions.

Source: U.S. Department of Health and Human Services.



ROBERT RECTOR

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Welfare and Family Issues

Robert Rector has authored over 100 articles and monographs on the issues of poverty, welfare, and family structure. He has testified before Congress over 25 times on these topics. He played a large role in designing the work and marriage provisions in the new federal welfare law enacted in 1996.

In 1995, *The Wall Street Journal* declared, "to understand what Republicans are trying to do about welfare, don't look to Newt Gingrich. Watch Robert Rector." David Broder writing in *The Washington Post* has stated, "Money is an important ingredient in our elections and deserves security ... but ideas are important too. The Heritage Foundation's Robert Rector [has] had more influence in the last decade than any fund-raisers or contributors, because candidates have turned to [him] for policy advice."

Robert is the author of *America's Failed \$5.4 Trillion War on Poverty*, which examines America's current welfare system. Rector also is the co-editor of *Steering the Elephant: How Washington Works*, a book which The *Wall Street Journal* said "illuminates" the workings of the Reagan presidency "better than any other book to date."

Robert Rector has spoken widely in the U.S. and in other countries on the topic of welfare reform. He frequently appears on television and radio. Articles by him have been published in The Wall Street Journal, the Los Angeles Times and hundreds of other newspapers. Mr. Rector's writings have also appeared in National Review, Policy Review, The Review of Social Economy, The Journal of Labor Research, The World and I, The American Enterprise, Insight, Human Events, The Harvard Journal on Legislation and other magazines.

Rector previously worked as a Legislative Assistant in the Virginia House of Delegates and as a Management Analyst at the U.S. Office of Personnel Management. A graduate of the College of William and Mary, Mr. Rector earned his master's degree in political science from Johns Hopkins University.

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